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Uzbekistan, Republic of

Cotton and Products

Cotton Production Update

2003

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Report Highlights:

Uzbekistan's MY 2003/04 cotton crop has been hampered by weather and pest infestation problems. Due to abovementioned problems, MY 2003/04 cotton production is forecast at 930,000 MT with exports declining to 680,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: No
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PRODUCTION

MY 2003/04 cotton production is forecast to decline further to 930,000 MT due to heavy rainfall in mid spring which necessitated considerable area replanting in almost all cotton growing regions. As a result, this delayed the beginning of the harvest at least for two weeks negatively impacting the crop. According to various sources, several major cotton growing regions suffered from serious pest infestation, in particular bollworm and cotton noctuid. Some experts believe this infestation problem may deteriorate fiber quality. Some regions started harvesting in mid-September.

In order to encourage cotton farmers, the government of Uzbekistan (GOU) recently adopted a decree which gives the farmers the right to sell seed cotton over quota at a negotiated price which is 20 percent higher than the fixed state procurement price. Also, the Ministry of Agriculture and Water Resources and the Ministry of Finance were tasked by the GOU to set up the new crop's procurement price of cotton taking into account the current world market prices. According to this decree, the state will pay for hand-picked and machine picked seed cotton at 10 percent higher than the last year's crop.

Table 1: Cotton Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Cotton			(HECTARES)(MT)		
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	1400000	1400000	1388000	1388000	0	1359000
Area Harvested	1430000	1400000	1420000	1388000	1400000	1359000
Beginning Stocks	161771	161771	227089	166771	205316	166771
Production	1066860	1015000	1023315	1000000	979770	930000
Imports	0	0	0	0	1089	0
TOTAL SUPPLY	1228631	1176771	1250404	1166771	1186175	1096771
Exports	740270	760000	762043	750000	718498	680000
USE Dom. Consumption	261272	250000	283045	250000	283045	290000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	261272	250000	283045	250000	283045	290000
Ending Stocks	227089	166771	205316	166771	184632	126771
TOTAL DISTRIBUTION	1228631	1176771	1250404	1166771	1186175	1096771

TRADE

MY 2003/04 cotton exports are forecast to decline to 680,000 MT assuming normal weather for the remainder of the growing and harvesting season. In spite of new regulations, the GOU still controls exports of both state-order cotton and over-quota free cotton through the trading companies of the Agency for Foreign Economic Relations (AFER) which coordinates sales, export prices and shipments.

Most cotton from the new crop will be still sold to international buyers through negotiated sales although recently AFER launched several small auctions with limited success. According to a new resolution of the Cabinet of Ministers, this year about 30,000 tons of cotton have been allocated for export sale by Uzauctionsavdo. According to various sources Uzauctionsavdo will also handle domestic sales of cotton to local textile mills.